

**ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006
OF THE CONDITIONS AND AFFAIRS OF
Braintree Retirement System**

Organized under the Laws of the Commonwealth of Massachusetts to the
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

Date of Certificate: 07/01/1937
Effective Date: 07/01/1937

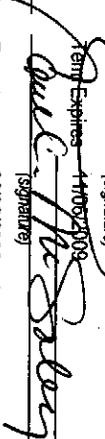
Administration Office
71 Cleveland Ave. Braintree, MA 02184

Telephone Number: 781-794-8211

We, the undersigned, members of the Board of Retirement of Braintree Retirement System certify under the penalties of perjury, that we are the official board members of said retirement system, and that assets were the absolute property of said retirement systems, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge and belief, respectively.

BOARD OF RETIREMENT

Ex-Officio Member
FREDERICK T. VIOLA  (signature)

Appointed Member
PAUL C. MCSOLEY  Term Expires 11/05/2008 (signature)

Elected Member
*GERALD J. KENNY, JR.  Term Expires 06/30/2008 (signature)

Elected Member
PHYLLIS A. DIPALMA  Term Expires 02/27/2009 (signature)

Member Appointed by Other Members
EDWARD DOWD  Term Expires 02/27/2009 (signature)

Place an asterisk (*) next to the name of the Board that serves as chairperson

INVESTMENT MANAGERS

Name: SEE ATTACHED SHEET **Address:**

Name: **Address:**

Name: **Address:**

INVESTMENT CONSULTANT

Name: NEW ENGLAND CONSULTANTS **Address:** ONE MAIN STREET, CAMBRIDGE, MA 02142-1542

CUSTODIAN

Name: STATE STREET BANK & TRUST **Address:** 200 NEWPORT AVENUE, QUINCY, MA 02171

Annual Statement for the Year Ended December 31, 2006 of the Conditions and Affairs of

Braintree Contributory Retirement

INVESTMENT MANAGERS

Armstrong Shaw Associates, Inc.

45 Grove Street.
New Canaan, CT 06840

Boston Company Asset Mgmt, LLC
International Equity

One Boston Place
Boston, MA 02108-4408

EBS Asset Management

7777 Washington Village Dr.
Suite 210
Dayton, OH 45459

J.L. Kaplan Associates, LLC

222 Berkeley Street, Suite 2010
Boston, MA 02116

Loomis Sayles & Company

One Financial Center
Boston, MA 02111

Pension Reserves Investment Management Board

84 State Street, Suite 250
Boston, MA 02109

State Street Global Advisors

State Street Financial Center
One Lincoln Street -34rd Floor
Boston, MA 02111-2900

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006
ANNUAL STATEMENT BALANCE TESTS**

1. ASSET BALANCE	
Assets Previous Year	119,698,768.02
Income Current Year	26,387,572.06
Disbursements Current Year	12,112,148.75
Assets Current Year	133,974,191.33
2. ASSET DIFFERENCE	
Assets Current Year	133,974,191.33
Assets Previous Year	119,698,768.02
Difference	14,275,423.31
3. INCOME DIFFERENCE	
Income Current Year	26,387,572.06
Disbursements Current Year	12,112,148.75
Difference	14,275,423.31
4. FUND CHANGE DIFFERENCE	
Total Fund Change Credits Current Year..	26,387,572.06
Total Fund Change Debits Current Year...	12,112,148.75
Difference	14,275,423.31

NOTE: THE SUMS OF TESTS 2,3, AND 4 SHOULD BE THE SAME.

**Annual Statement of the Braintree Retirement System for
the year ended December 31, 2006**

Assets and Liabilities

	2006 End Balance	2005 End Balance	2004 End Balance
1040 - 1049 Cash	4,475,248.83	3,868,856.85	3,540,147.97
1100 - Short Term Investments	0.00	0.00	0.00
1180 - Fixed Income Sec (book value)	0.00	0.00	0.00
1170 - Equities	24,363,209.85	25,970,881.38	24,576,562.24
1101 - Pooled Short Term Funds	0.00	0.00	0.00
1172 - Pooled Domestic Equity Funds	20,006,046.28	21,455,487.57	20,446,091.91
1173 - Pooled International Equity Funds	20,107,765.08	19,458,147.81	18,293,866.96
1174 - Pooled Global Equity Funds	0.00	0.00	0.00
1181 - Pooled Domestic Fixed Income Funds	44,581,767.25	41,679,006.80	41,845,518.15
1182 - Pooled International Fixed Income Funds	0.00	0.00	0.00
1183 - Pooled Global Fixed Income Funds	0.00	0.00	0.00
1193 - Pooled Alternative Investments	0.00	0.00	0.00
1194 - Pooled Real Estate Funds	6,593,592.36	7,303,277.42	6,027,044.39
1195 - Pooled Domestic Balanced Funds	0.00	0.00	0.00
1196 - Pooled International Balanced Funds	0.00	0.00	0.00
1198 - PRIT Cash	0.00	0.00	0.00
1199 - PRIT Fund	13,519,879.65	0.00	0.00
1891 - Principal Adjustment Account	0.00	0.00	0.00
1550 - Interest Due & Accrued Cur Yr	0.00	0.00	0.00
1398 - Accounts Receivable (A)	365,593.24	670.02	206,889.75
2020 - Accounts Payable (A)	-38,911.21	-37,559.83	-22,364.93
Total	133,974,191.33	119,698,768.02	114,913,756.44
Funds :			
3293 - Annuity Savings Fund	29,676,851.24	27,392,925.49	25,891,395.91
3294 - Annuity Reserve Fund	10,308,408.73	10,440,330.06	10,329,247.73
3295 - Military Service Fund	1,474.56	1,465.76	1,457.02
3296 - Pension Fund	0.00	1,335,290.90	3,837,085.40
3298 - Expense Fund	0.00	0.00	0.00
3297 - Pension Reserve Fund	93,987,456.80	80,528,755.81	74,854,570.38
Total Assets at Market Value	133,974,191.33	119,698,768.02	114,913,756.44

(A) Detail for Accounts Receivable and Accounts Payable are to be placed on Schedule A

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006**

	Balance December 31 2005	Receipts	Interfund Transfers	Disbursements	Balance December 31 2006
Annuity Savings Fund	27,392,925.49	3,591,460.83	-890,387.65	417,147.43	29,676,851.24
Annuity Reserve Fund	10,440,330.06	311,192.45	897,796.49	1,340,910.27	10,308,408.73
Pension Fund	1,335,290.90	6,429,213.14	1,658,432.97	9,422,937.01	0.00
Military Service Fund	1,465.76	8.80	0.00	0.00	1,474.56
Expense Fund	0.00	931,154.04	0.00	931,154.04	0.00
Pension Reserve Fund	80,528,755.81	15,124,542.80	-1,665,841.81	0.00	93,987,456.80
TOTAL ALL FUNDS:	119,698,768.02	26,387,572.06	0.00	12,412,148.75	133,974,191.33

List Below all Transfers:

Transfer from 3293	Fund to the 3294	Fund in the Amount of	897,796.49	on account of	retirements
Transfer from 3296	Fund to the 3293	Fund in the Amount of	7,408.84	on account of	Transfer Acc. ded. & Int. per s14
Transfer from 3297	Fund to the 3296	Fund in the Amount of	1,665,841.81	on account of	ACCOUNT FOR DEFICIT IN PEN
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	
Transfer from	Fund to the	Fund in the Amount of		on account of	

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006**

RECEIPTS

	2006	2005	2004
1. Annuity Savings Fund :			
(a) 4891 - Members Deductions	2,877,879.34	2,683,986.25	2,577,926.93
(b) 4892 - Transfers From Other	356,970.71	175,271.13	178,188.06
(c) 4893 - Make Up and Redeposit Payments	135,981.40	53,319.54	61,762.21
(d) 4900 - Member Payments from Rollovers	60,085.81	25,609.70	44,372.37
(e) Investment Income Cr to Members A/C	160,543.57	150,357.62	149,251.94
Subtotal	3,591,460.83	3,088,544.24	3,011,501.51
2. Annuity Reserve Fund :			
(a) Investment Income Cr to Annuity Res Fd	311,192.45	306,981.25	289,780.88
Subtotal	311,192.45	306,981.25	289,780.88
3. Pension Fund :			
(a) 4898 - 3(8)(c) Reimburse from Other Sys	149,828.98	135,055.64	105,625.68
(b) 4899 - Rec'd from State for COLA & Surviv	348,604.16	384,735.34	400,201.96
(c) 4889 - Prin Adj Account Amort Gain	0.00	0.00	0.00
(c) 4894 - Pension Fund Appropriation	5,930,780.00	5,764,034.00	5,352,650.00
Subtotal	6,429,213.14	6,283,824.98	5,858,477.64
4. Military Service Fund :			
(a) 4890 - Military Serv Contr from Municipal	0.00	0.00	0.00
(b) Invest Inc Credited Military Ser Fd	8.80	8.74	8.69
Subtotal	8.80	8.74	8.69
5. Expense Fund :			
(a) 4896 - Expense Fund Appropriation	0.00	0.00	0.00
(b) Investment Income Cr to Expense Fund	931,154.04	918,174.98	760,418.98
Subtotal	931,154.04	918,174.98	760,418.98
6. Pension Reserve Fund :			
(a) 4897 - Federal Grant Reimbursement	50,446.00	49,598.00	39,907.00
(b) 4895 - Pension Reserve Appropriation	0.00	0.00	0.00
(c) 4822 - Interest not Refunded:	3,309.59	3,749.25	7,047.53
(d) 4825 - Misc. Income	12,666.64	5,454.82	10,633.11
(e) Excess Investment Income	15,058,120.57	5,615,294.43	11,998,576.81
Subtotal	15,124,542.80	5,674,096.50	12,056,164.45
TOTAL RECEIPTS	26,387,572.06	16,271,630.69	21,976,352.15

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006**

Disbursements

	2006	2005	2004
1. Annuity Savings Fund :			
(a) 5757 - Refunds To Members	293,336.85	334,700.22	256,486.52
(b) 5756 - Transfers To Other Systems :	123,810.58	224,707.61	81,720.95
	Subtotal	559,407.83	338,207.47
2. Annuity Reserve Fund :			
(a) 5750 - Annuities Paid	1,304,673.25	1,223,179.94	1,124,785.72
(b) 5759 - Option B Refunds	36,237.02	236.88	3,714.63
	Subtotal	1,223,416.82	1,128,500.35
3. Pension Fund :			
(a) 5751 - Pensions Paid	0.00	0.00	0.00
Regular Pension Payments	5,753,537.50	5,454,846.56	4,680,129.10
Survivorship Payments	510,103.35	452,249.82	448,789.16
Ordinary Disability Payments	168,955.80	184,935.30	206,077.98
Accidental Disability Payments	1,985,085.21	1,714,665.13	1,546,811.39
Accidental Death Payments	677,299.36	642,467.71	950,719.80
Section 101 Benefits	47,635.38	52,163.16	50,643.66
(b) 5755 - 3 (8) (c) Reimb To Other Sys	210,665.29	217,209.23	176,085.26
(c) 5752 - COLA's Paid	69,655.12	67,082.57	121,373.76
(d) 5753 - Chapter 389 Ben Increase Pd	0.00	0.00	0.00
(e) 4885 - Loss on Sales of Investments	0.00	0.00	0.00
(f) 4887 - Decrease in Mkt Value of Equities	0.00	0.00	0.00
	Subtotal	8,785,619.48	8,180,630.11
4. Military Service Fund :			
(a) 4890 - Return to Municipality for Members who withdrew their fund	0.00	0.00	0.00
	Subtotal	0.00	0.00
5. Expense Fund :			
(a) 5118 Board Member Stipend	0.00	0.00	0.00
(b) 5119 - Salaries	137,435.88	141,200.00	131,000.00
(c) 5304 - Mgt Fees Not Chgd To Inv Inc *	586,622.05	586,419.42	428,912.69
(d) 5305 - Custodial Fees *	81,634.61	75,738.58	52,615.80
(e) 5307 - Investment Consultant Fees *	50,000.00	44,999.99	41,044.12
(f) 5308 - Legal Expenses	12,592.61	6,066.72	11,901.00
(g) 5309 - Medical Expenses	20.00	0.00	0.00
(h) 5310 - Fiduciary Insurance	6,621.50	6,272.32	6,424.45
(i) 5311 - Service Contracts	12,563.61	0.00	0.00
(j) 5312 - Rent Expense	0.00	0.00	0.00
(k) 5589 - Administrative Expenses	28,944.23	45,217.21	80,824.02
(l) 5599 - Furniture and Equipment	60.89	5,194.98	5,164.70
(m) 5719 - Travel	4,658.66	7,065.76	2,532.20
	Subtotal	931,154.04	760,418.98
Total Disbursements:	12,112,148.75	11,486,619.11	10,407,756.91

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006**

	2006 End Balance	2005 End Balance	2004
Investment Income			
Investment Income Received From :			
(a) Cash (from schedules 1A and 1 C)	181,849.32	115,859.71	56,132.01
(b) Short Term Investments (sch 2)	0.00	0.00	0.00
(c) Fixed Inc Sec (from sch 3A and 3C)	0.00	0.00	0.00
(d) Equities (from sch 4A and 4C)	375,860.86	409,829.88	336,818.81
(e) Pooled Funds (from Schedule 5)	2,461,144.42	2,975,398.78	2,521,654.82
(f) Commission Recapture	0.00	0.00	0.00
4821 - TOTAL INVESTMENT INCOME	3,018,854.60	3,501,088.37	2,914,605.64
Plus :			
4884 - Realized Gains	3,379,090.80	1,977,732.17	1,329,648.46
4886 - Unrealized Gains	15,315,710.30	9,716,923.03	14,248,142.92
1550 - Interest Due & Accrued Cur Yr	0.00	0.00	0.00
	18,694,801.10	11,694,655.20	15,577,791.38
Less :			
4823 - Pd Accrued Int - Fixed Inc Securities	0.00	0.00	0.00
4885 - Realized Losses	-344,151.50	-628,600.04	-208,988.56
4887 - Unrealized Losses	-4,908,484.77	-7,576,326.51	-5,085,371.13
1550 - Inc Due & Accrued Prior Year	0.00	0.00	0.00
	-5,252,636.27	-8,204,926.55	-5,294,359.69
NET INVESTMENT INCOME	16,461,019.43	6,990,817.02	13,198,037.33
Income Required :			
Annuity Savings Fund (Supp Schedule)	160,543.57	150,357.62	149,251.94
Annuity Reserve Fund	311,192.45	306,981.25	289,780.88
Expense Fund	931,154.04	918,174.98	760,418.98
Military Service Fund	8.80	8.74	8.69
	1,402,898.86	1,375,522.59	1,199,460.49
TOTAL INCOME REQUIRED	1,402,898.86	1,375,522.59	1,199,460.49
Net Investment Income	<u>16,461,019.43</u>	<u>6,990,817.02</u>	<u>13,198,037.33</u>
Less : Income Required	<u>-1,402,898.86</u>	<u>-1,375,522.59</u>	<u>-1,199,460.49</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	15,058,120.57	5,615,294.43	11,998,576.84

Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006
HEADCOUNT STATISTICS

Group 1 Group 2+4 Total

RETIRED MEMBERS, BENEFICIARIES AND SURVIVORS

Retired, Beneficiary and Survivor

Membership, Dec. 31, previous Year

334 161 495

Retirements during the year:

Superannuation	12	3	15
Ordinary disability	0	0	0
Accidental disability	1	0	1
Termination Retirement Allowance	0	0	0
Beneficiary of Deceased Retiree	1	0	1
Survivor ben from active membership	0	0	0
Subtotal:	14	3	17

Deduct:

Deaths of retired members	8	4	12
Termination of Survivor Benefits	3	3	6
Reinstatements of disabled pensions	0	0	0
Subtotal:	11	7	18

Retired Membership, Dec.31, curt year

Superannuation	265	80	340
Ordinary Disability	7	2	9
Accidental Disability	15	42	57
Termination	0	0	0
Beneficiaries from accidental deaths	1	13	14
Beneficiaries from Section 100	0	4	4
Beneficiaries from Section 101	2	3	7
Beneficiaries under Option (c)	17	8	29
Option (d) Survivor Allowance	17	5	22
Section 12B Survivor Allowance	1	0	1
Total Retired, Beneficiary, and Survivor Membership, Dec 31, current year	325	157	483

ACTIVE MEMBERS

Active membership, Dec 31, previous yr

Inactive membership, Dec 31, previous yr	607	192	799
Enrolled during the year	42	1	46
Transfers between groups	42	8	56
Reinstatements of disabled members	3	3	0
Subtotal:	0	0	0
	657	204	901

Deduct:

Death	3	0	3
Withdrawn	26	0	28
Retirements	12	3	15
Subtotal:	43	3	46

Active Membership, Dec 31, current year

605 200 809

Inactive Membership, Dec 31 Current Yr

42 1 46

TOTAL MEMBERSHIP

Active, Inact, Retired, Beneficiary, and Survivor, Dec. 31, current year

985 358 1338

**Annual Statement of the Braintree Retirement System
for the year ended December 31, 2006**

Schedule A

Detail of Accounts Receivable and Accounts Payable

Accounts Receivable

4891 - Members Deductions	0.00
4892 - Transfers From Other Systems	0.00
4893 - Member Make Up Payments and Redeposits	80,231.78
4898 - 3-(8)(c) Reimbursements From Other Systems	0.00
4899 - Received from Commonwealth for COLA and Survivor Bene	0.00
4884 - Profit on Sale of Investments	0.00
4894 - Pension Fund Appropriation - City	0.00
4894 - Pension Fund Appropriation - SHA	0.00
4890 - Contr Rec'd from municipality on a/c of mil serv	0.00
4897 - Federal Grant Reimbursement	0.00
4895 - Pension Reserve Appropriation	0.00

Investments Sold but funds not received (list individually)

4901 - Approp LRTA	0.00
4902 - INCOME	0.00
4903 - SALE OF INVESTMENTS	0.00
4904 - 1051/4893/5119	285,361.46
4905 - VENTURE CAPITAL DISTRIBUTIONS	0.00

Total Receivables

365,593.24

Accounts Payable

5757 - Refunds to Members	0.00
5756 - Transfers to Other Systems	0.00
5750 - Annuities Paid	0.00
5759 - Option B Refunds	0.00
5751 - Pensions Paid	0.00
5755 - 3(8)(c) Reimbursements To Other Systems	0.00
5752 - COLA's Paid	0.00
5753 - Chapter 389 Beneficiary Increase Paid	0.00
4885 - Loss on Sale of Investments	0.00
4890 - Return to Municipality For Members who withdrew funds	0.00
5119 - Salaries	0.00
5308 - Legal Expenses	2,472.62
5309 - Medical Expenses	0.00
5719 - Travel	0.00
5589 - Administrative Expenses	377.59
5599 - Furniture and Equipment	0.00
5304 - Management Fees as offset to Expense Fund	23,066.00
5305 - Custodial Fees as offset to Expense Fund	0.00
5307 - Consultant Fees	12,500.00
5118 - Board Member Stipend	0.00

Investments Purchased but not paid for (list individually)

5901 - INVESTMENTS	0.00
5902 - 5311- Contract services	495.00
5903 -	0.00
5904 -	0.00

Total Payables

38,911.21